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# Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada)

AND ITS SUBSIDIARY COMPANIES.

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*Notice of Annual Meeting*

AND

## DIRECTORS' REPORT

AND

## CONSOLIDATED BALANCE SHEET AND FINANCIAL STATEMENTS

AS AT

**31st DECEMBER, 1943.**

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# Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada),

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AS AT

## 31st DECEMBER, 1943.

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**Board of Directors.**

H. J. MACKIN, *President and Managing Director.*

A. J. MITCHELL, *Vice-President.*

T. BLUNDELL BROWN. JOHN DAVIDSON.

C. L. BURTON, C.B.E. J. F. LASH, K.C.

COL. K. R. MARSHALL, C.M.G., D.S.O.

**Secretary.**

W. A. WALKER, Toronto.

**Treasurer.**

G. G. STEWART, Vancouver.

**Offices.**

25, KING STREET WEST, TORONTO, ONT. AND 1125 MARINE BUILDING, VANCOUVER, B.C.

**Secretary and Registrar in England.**

THE BRITISH EMPIRE TRUST COMPANY, LIMITED,

213, Finchampstead Road, Wokingham, Berks.

# Canadian Western Lumber Company, Limited

(Incorporated under the laws of the Dominion of Canada),

FRASER MILLS, BRITISH COLUMBIA,

## AND ITS SUBSIDIARY COMPANIES.

## THIRTY-FOURTH ANNUAL REPORT OF THE DIRECTORS.

*To be submitted at the Annual Meeting to be held in Toronto on Friday, the 28th day of April, 1944, at 12 o'clock noon.*

*To the Shareholders of*

CANADIAN WESTERN LUMBER COMPANY, LIMITED.

The Consolidated Balance Sheet and Financial Statements for the year ended 31st December, 1943, are submitted herewith by your Directors.

| | | |
|---|---|---|
| The Earnings for the year 1943 as shown on the Consolidated Statement of Income and Expenditure (page 6) amounted to..... | | $1,695,224.99 |
| from which there has been deducted Reserves: | | |
| For Depreciation and Obsolescence of Buildings, Plant, Equipment, etc..... | $303,001.22 | |
| " Taxes..... | 770,000.00 | |
| " Fire and War Risk and other Contingencies..... | 150,000.00 | |
| | | 1,223,001.22 |
| leaving | | $ 472,223.77 |
| *Deduct:*—Interest on 5 per cent. First Mortgage Debenture Stock: | | |
| For the half-year to 30th June, 1943, due and paid 1st December, 1943; together with Interest to date of redemption on Stock drawn through Sinking Fund..... | $ 22,128.63 | |
| For the half-year to 31st December, 1943, accrued, payable 1st June, 1944..... | 4,486.82 | |
| | | 26,615.45 |
| | | $ 445,608.32 |
| from which there has been appropriated for Sinking Fund for the year to 31st December, 1943, in respect of 5 per cent. First Mortgage Debenture Stock an amount of..... | | 164,534.98 |
| leaving a balance available from the year's earnings towards payment of Interest on the 5 per cent. Cumulative Income Debenture Stock of..... | | $ 281,073.34 |
| to which should be added the amount brought forward from earnings of previous years..... | | 15,636.70 |
| making a total of | | $ 296,710.04 |

which surplus of $296,710.04 of earnings will enable a payment of 5 per cent. to be made on 1st June, 1944, on the 5 per cent. Cumulative Income Debenture Stock in respect of the year 1943. The payment of this Interest will require $277,232.83, and the small balance which it is impracticable to divide will be held by the Trustees for distribution with such future amounts as may become available.

Lumber sold during the year amounted to 157,382,021 feet compared with 193,898,088 feet in the preceding year—a decrease of 36,516,067 feet.

Operating Earnings of $1,695,224.99 compare with $1,965,283.37 for the previous year. Higher average selling prices were obtained during the year for all products manufactured, but this improvement was offset by decreased sales due to lessened production occasioned by shortage of labour and increase in wage scales effective as from 1st September, 1942. The estimated portion of Excess Profits Taxes refundable after the war, amounting to $149,125.58 in respect to the years 1942 and 1943, is shown as a deferred credit on the Consolidated Balance Sheet.

The full interest of 5 per cent. on the Cumulative Income Debenture Stock for the year ended 31st December, 1943, will be paid on 1st June, 1944.

During the year your Company took over the property, assets and undertaking of its wholly-owned subsidiary, The Columbia River Lumber Company, Limited. The property and assets so acquired have, as required by the Trust Deeds securing your Company's Debenture Stocks, been made subject thereto. In consequence of such acquisition, £381,243 par value of 5% Cumulative Income Debenture Stock of your Company comes into your Company's possession and it, together with £262,718:4:1 arrears of Interest thereon, has been cancelled.

Sales of lumber and other forest products during the year were largely used for direct and indirect war purposes by Canada, the United Kingdom, the United States of America and the Dominions.

It is expected that a good demand for the Company's products will continue but production will depend on the supply of labour. There is some question as to whether sufficient help will be available during the war to enable full operation of your logging and manufacturing plants. Should reduced operations ensue, the effect would necessarily be reflected in the Company's earnings.

Your Board records its appreciation of the services rendered by officers and employees during the year.

Respectfully submitted,

H. J. MACKIN,
*President.*

TORONTO, CANADA,
15TH MARCH, 1944.

# CANADIAN WESTERN LUM

## AND ITS SUBSIDIARY

## CONSOLIDATED BALANCE SHEET,

### LIABILITIES

| | | | | |
|---|---|---|---|---|
| **SHARE CAPITAL—** | | | | |
| Authorized and Issued: | | | | |
| 3,100,000 Ordinary Shares of the par value of $2.00 each of Canadian Western Lumber Company, Limited | | | $6,200,000.00 | |
| *Deduct*— | | | | |
| 27,000 Shares owned by Subsidiary Company | | | 54,000.00 | |
| | | | | $ 6,146,000.00 |
| **DEBENTURE STOCKS (Secured)** maturing 1st December, 1945, (converted at the rate of $4.86⅔ to the £1 Sterling)— | | | | |
| 5 per cent. First Mortgage Debenture Stock authorized | £1,629,314 | = | $7,929,328.13 | |
| *Less* Formerly issued as Collateral and available for re-issue | 269,000 | = | 1,309,133.33 | |
| | £1,360,314 | = | 6,620,194.80 | |
| *Less* Redeemed to date and cancelled | 1,323,436 | = | 6,440,721.87 | |
| | £ 36,878 | = | $ 179,472.93 | |
| 5 per cent. Cumulative Income Debenture Stock authorized | £1,384,314 | = | $6,736,994.80 | |
| *Less*— | | | | |
| Formerly issued as Collateral £245,000 | | | | |
| Unissued 1 | 245,001 | = | 1,192,338.20 | |
| | 1,139,313 | = | 5,544,656.60 | |
| *Less* Retired to date and cancelled | 381,243 | = | 1,855,382.60 | |
| | £ 758,070 | = | $3,689,274.00 | |
| | | | | 3,868,746.93 |
| **INTEREST ACCRUED (Secured)** payable 1st June, 1944— | | | | |
| On 5 per cent. First Mortgage Debenture Stock | | | 4,486.82 | |
| On 5 per cent. Cumulative Income Debenture Stock | | | 277,232.83 | |
| | | | | 281,719.65 |
| **CURRENT LIABILITIES—** | | | | |
| Bills and Accounts Payable | | | 647,003.91 | |
| Reserve for Taxes | | | 743,375.75 | |
| | | | | 1,390,379.66 |
| **SINKING FUND IN RESPECT OF 5 PER CENT. FIRST MORTGAGE DEBENTURE STOCK (Secured)—** | | | | |
| Earnings available as at 31st December, 1943, payable to the Trustees on or before 2nd April, 1944 (as per contra) | | | | 164,534.98 |
| **PROVISION MADE FOR FUTURE PAYMENT ON ACCOUNT OF ARREARS OF INTEREST ON 5 PER CENT. CUMULATIVE INCOME DEBENTURE STOCK (Secured)—** | | | | |
| Balance of Earnings available as at 31st December, 1942 (as per contra) | | | 15,636.70 | |
| Added during year to 31st December, 1943, as per Consolidated General Statement of Income and Expenditure | | | 281,073.34 | |
| | | | 296,710.04 | |
| *Deduct* 5 per cent. payable 1st June, 1944, transferred to Interest Accrued | | | 277,232.83 | |
| | | | | 19,477.21 |
| **RESERVES—** | | | | |
| For Depreciation and Obsolescence of Sawmills, Buildings, Plant, Equipment, Logging Construction, Tugboats, etc. | | | 5,185,667.59 | |
| For General purposes and Contingencies | | | 749,847.25 | |
| | | | | 5,935,514.84 |
| **DEFERRED CREDIT TO INCOME AND EXPENDITURE ACCOUNT—** | | | | |
| Portion of Excess Profits Tax refundable after the War (as per contra) | | | | 149,125.58 |
| | | | | $17,955,498.85 |

NOTE:—There are arrears of Interest of $2,542,314.10 accumulated at 31st December, 1943, on the 5 per cent. Cumulative Income Debenture Stock of Canadian Western Lumber Company, Limited, which have not been provided for. Pending maturity of the Debenture Stock such Interest is payable only when Net Earnings are available.

Cumulative Sinking Fund applicable to the 5% Cumulative Income Debenture Stock of Canadian Western Lumber Company, Limited, becomes payable out of Earnings after redemption of the whole of the 5% First Mortgage Debenture Stock of the Company and after payment of Interest on the said Income Stock for the year ending on the last preceding 31st December together with arrears of Interest on such Income Stock. Such Sinking Fund unprovided for to 31st December, 1943, is $133,189.18.

Signed on behalf of the Board,
H. J. MACKIN, Director.
A. J. MITCHELL, Director.

TORONTO, ONTARIO,
15TH MARCH, 1944.

# BER COMPANY, LIMITED

## COMPANIES

## AS AT 31st DECEMBER, 1943.

### ASSETS

| | | |
|---|---|---|
| **PROPERTIES—** | | |
| Timber Limits (Company valuations as at 31st December, 1932, as per Directors' Report for that year) | $6,668,221.79 | |
| Additions at Cost, less Disposals since 31st December, 1932 | 2,741,481.51 | |
| | 9,409,703.30 | |
| *Deduct*—Timber cut since 31st December, 1932 | 5,602,593.54 | |
| | 3,807,109.76 | |
| Real Estate, Sawmills, Buildings, Plant, Equipment, Logging Construction, Tugboats, etc., (at cost) | 7,263,058.23 | |
| | | $11,070,167.99 |
| **INVESTMENTS—** | | |
| Mortgages, Real Estate and Buildings acquired, Agreements for Sale of Real Estate, Tax Sale Certificates and Miscellaneous Bonds and Shares, at book value less Reserve | | 88,275.68 |
| **CURRENT ASSETS—** | | |
| Logs, Lumber and Supplies, as per physical Inventories (at cost) | 3,097,420.41 | |
| Bills and Accounts Receivable, less Reserve | 333,731.93 | |
| Dominion of Canada Bonds, par value $480,000.00, cost | 480,000.00 | |
| Cash in Bank and on hand | 322,533.23 | |
| | | 4,233,685.57 |
| **CASH IN HANDS OF TRUSTEES—** | | |
| For distribution to 5 per cent. Cumulative Income Debenture Stockholders on account of Arrears of Interest (as per contra) | 15,636.70 | |
| *Add*—Interest accrued | 278.64 | |
| | 15,915.34 | |
| For Sinking Fund in respect of 5 per cent. First Mortgage Debenture Stock | 309.68 | |
| | | 16,225.02 |
| **TRUST ACCOUNTS—** | | |
| From Sales of Mortgaged Premises— | | |
| Cash in Bank | $16,061.55 | |
| Deferred Instalments | 26,100.12 | |
| | 42,161.67 | |
| Investments (at cost) deposited with the Trustees | 932,423.71 | |
| | | 974,585.38 |
| **REFUNDABLE PORTION OF EXCESS PROFITS TAX (as per contra)** | | 149,125.58 |
| **DEFERRED CHARGES—** | | |
| Insurance, etc. | | 253,766.96 |
| **DEFERRED DEBITS TO INCOME AND EXPENDITURE ACCOUNT—** | | |
| Sinking Fund in respect of 5 per cent. First Mortgage Debenture Stock (as per contra) | 164,534.98 | |
| Depletion of Timber Limits not provided for by Sinking Fund or otherwise (after deducting $721,202.89 accretion to 31st December, 1943, on Investments deposited with the Trustees) | 1,005,131.69 | |
| | | 1,169,666.67 |
| | | $17,955,498.85 |

*To the Shareholders:*

We report that we have audited the books and accounts of CANADIAN WESTERN LUMBER COMPANY, LIMITED, and its Subsidiary Companies for the twelve months ended 31st December, 1943, and that we have obtained all the information and explanations we have required.

We are of the opinion that the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of CANADIAN WESTERN LUMBER COMPANY, LIMITED, and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the respective companies.

HELLIWELL, MACLACHLAN & CO.,
*Chartered Accountants, Auditors.*

VANCOUVER, B.C.,
15TH FEBRUARY, 1944.

# CANADIAN WESTERN LUMBER COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

## CONSOLIDATED GENERAL STATEMENT OF INCOME AND EXPENDITURE

## FOR THE 12 MONTHS ENDED 31st DECEMBER, 1943.

| | | |
|---|---|---|
| By Total Profit from Operations | | $2,045,977.75 |
| Less: Standing Timber taken from Subsidiary Company at cost price and used in operations | | 250,313.33 |
| " Operating Profit | | $1,795,664.42 |
| *Deduct:* | | |
| Remuneration of Executive Officers including Managing Director | $127,660.00 | |
| Directors' Fees | 7,000.00 | |
| Legal Remuneration and Costs | 5,632.46 | |
| | | 140,292.46 |
| " Net Operating Profit before providing for Depreciation and Obsolescence, Depletion of Timber Limits and Income Taxes | | $1,655,371.96 |
| " Income from Investments | | 2,912.00 |
| " General Interest—earned less paid | | 36,941.03 |
| | | $1,695,224.99 |
| To Reserves: | | |
| For Depreciation and Obsolescence of Sawmills, Buildings, Plant, Equipment, Logging Construction, Tugboats, etc. | $303,001.22 | |
| For Taxes | 770,000.00 | |
| For Fire and War Risk and other Contingencies | 150,000.00 | 1,223,001.22 |
| | | $ 472,223.77 |
| " Interest on 5 per cent. First Mortgage Debenture Stock: | | |
| For the half-year to 30th June, 1943, due and paid 1st December, 1943; together with Interest to date of redemption on Stock drawn through Sinking Fund | $ 22,128.63 | |
| For the half-year to 31st December, 1943, accrued, payable 1st June, 1944 | 4,486.82 | |
| | | 26,615.45 |
| By Net Profit for the year (without providing for Depletion of Timber Limits covered by Trust Deeds and before providing for Sinking Fund in respect of 5 per cent. First Mortgage Debenture Stock and Interest on 5 per cent. Cumulative Income Debenture Stock) | | $ 445,608.32 |
| which is available for the following purposes: | | |
| Sinking Fund in respect of 5% First Mortgage Debenture Stock—Provision for the year to 31st December, 1943 | $164,534.98 | |
| Balance available towards payment of Interest on 5 per cent. Cumulative Income Debenture Stock, carried to Consolidated Balance Sheet | 281,073.34 | |
| | | $ 445,608.32 |

# Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada),

And its Subsidiary Companies.

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## DIRECTORS' REPORT

AND

## CONSOLIDATED BALANCE SHEET AND FINANCIAL STATEMENTS,

AS AT

31st DECEMBER, 1943.

---

*Notice of Annual Meeting.*

*To the Shareholders of*

**Canadian Western Lumber Company, Limited.**

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of CANADIAN WESTERN LUMBER COMPANY, LIMITED, will be held in the Company's Offices, 25 King Street West, in the City of Toronto, Canada, at the hour of 12 o'clock noon, on Friday, the 28th day of April, 1944, to receive and consider the Report of the Directors, the Consolidated Balance Sheet and Financial Statements of the Company and the Report of the Auditors; to elect Directors; to appoint Auditors; and to transact such other business as may properly be brought before the Meeting.

By Order of the Board,

W. A. WALKER,
Secretary.

TORONTO, CANADA,
25th March, 1944.